



CONSUMER ALERT

810 FIRST STREET, NE, SUITE 701 | WASHINGTON, DC 20002 | WWW.DISB.DC.GOV

MORTGAGE FRAUD How to Avoid Becoming a Victim

Sub-prime loans. Foreclosures. Government bailouts. You can't read a newspaper or watch the evening news these days without seeing stories about the current mortgage crisis and the fraud that goes along with it.

The Federal Bureau of Investigation (FBI) plays a major role in investigating mortgage fraud—and their caseload has more than tripled in the past five years. But while they're focusing on the perpetrators, what can you as a consumer do to protect yourself from becoming a victim of mortgage fraud?

Plenty, says a mortgage fraud investigator with the FBI, which works on cases with the D.C. Department of Insurance, Securities and Banking (DISB). It's worthwhile to note that while some of these steps may require you to do a little extra work now, in the long run it may save you aggravation, money, and even your house.

- **Get referrals for mortgage professionals when you want to buy or sell a home.** And once you do, check out their licenses with DISB, your state regulatory agency. Most of these people are exceedingly honest and above-board—it's just a small percentage who has given the overall profession a black eye.
- **Do your own research into what other homes in the neighborhood have sold for.** Also, look into recent tax assessments of neighborhood homes.
- **Beware of "no money down" loans.** These are a gimmick used to entice people to buy a home they really can't afford.
- **Don't let anyone (i.e., a realtor, mortgage broker) talk you into making a false statement on your loan application,** like overstating your income or lying about where your down payment is coming from.
- **Never sign a blank document or a document containing blank lines.** Be sure to read and review all loan documents signed at closing. If you don't understand what you're signing, get an attorney who can review the documents for you.

Financial difficulties? If you're a homeowner who's having a tough time making your mortgage payments, be aware of e-mails or web-based ads from companies that claim they can help you eliminate your mortgage debt while all you have to do is pay an up-front fee for them to do the paperwork—it's a scam.

And, if you've been told by your lender that you are facing foreclosure, don't fall for any of the fraud schemes out there, including the one where a perpetrator convinces a homeowner to sign over the house deed "temporarily"—for a fee, of course. The homeowner not only loses the up-front fees, but the perpetrator often turns around and sells the house out from under the owner.

The best advice if you find yourself in some financial difficulty? Contact your lender before your situation gets too bad. The lenders don't want your house and most will work with you to help you keep it. Plus, they're already dealing with a large number of foreclosures on homeowners who didn't seek their help in time—they don't want any more.

Rest assured that DISB will continue to make the investigation of mortgage fraud a priority. An informed public, however, would make our job a little easier! But if you think you've already been victimized, please contact DISB at (202) 727-8000 or visit our Web site at www.disb.dc.gov.

For More Information

*The District of Columbia Department of Insurance, Securities and Banking (DISB) works for consumers to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. **To file a complaint or to get free information on consumer issues, visit www.disb.dc.gov or call (202) 727-8000.** Contact the Enforcement and Investigation Bureau for any fraud-related complaints.*